

27 February 1977

MEMORANDUM FOR: Deputy Director for Administration
Deputy Director for Intelligence
Deputy Director for Operations
Deputy Director for Science and Technology
General Counsel
Inspector General
Comptroller
Legislative Counsel

SUBJECT: Agency Relations with the U.S. Business Community:
Recommendations of the Inspector General

1. The recommendations contained in the Inspector General's November 1976 report on his survey of Agency Relations with the U.S. Business Community are approved as indicated herein. The action designated for each recommendation should be completed by the responsible official or officials within 90 days or as otherwise indicated.

2. Recommendation 1: That a new EOD conflict of interest form be developed to be signed by all employees.

As noted in the IG's report, the Office of General Counsel is currently reviewing the adequacy of Agency guidance on this subject. The General Counsel should forward to me the results of that review and any recommended changes in our policy and practice within 60 days.

3. Recommendation 2: That a specific Agency policy be formulated covering the exchange of information with private businesses. This policy should be based on OGC recommendations and proceed via an interdirector committee to study past and present practice and make recommendations to the DCI for inclusion in Agency regulations.

Approved. The DDO should designate a representative to chair a task force which shall develop a comprehensive policy statement on all aspects of Agency relations with private business, including the exchange of information, but excluding Agency procurement. The task force should include representatives of the

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DDI, DDA, DDS&T, General Counsel and Inspector General. The task force should examine the activities of those Agency components who have contacts with the U.S. business community and should recommend guidelines for those contacts. A policy statement and guidelines appropriate for publication as an Agency regulation should be submitted within 120 days.

4. Recommendation 3: That CIA commitment to the principle of competitive contracting be reaffirmed, beginning with a policy statement from the DCI.

Approved. The DDA, in coordination with the DDS&T, should submit a statement for my approval within 60 days which is appropriate for inclusion in Agency regulations. CL

5. Recommendation 4: That OL review all existing training and find new ways to emphasize the legal basis, the desirability, and methods of promoting competitive contracting; and that both contracting officers and requirements officers be exposed to this training. CL

Approved. The DDA should submit a report to me on the findings and action taken.

6. Recommendation 5: That OL become a formal contributor to the Fitness Report evaluation of all its contracting officers, including those in decentralized teams; and that both the extent of sole-source actions and the quality of documentation be included as topics for OL assessment.

Disapproved. I am persuaded by the DDA's comment that organizationally the Office of Logistics cannot make a meaningful input to the fitness reports of those contracting officers in decentralized teams.

7. Recommendation 6: That OL articulate guidelines for contracting officers, expanding on those now in existence, to define types of situations where sole-source procedures are proper for the Agency. CL

Approved. The DDA should incorporate the expanded guidelines into Agency regulations.

8. Recommendation 7: That CRB [Contract Review Board] proceed, as we are informed OL intends, to review production and other contracts in the same way it does DDS&T's contracts.

Approved. It is understood that the Board's jurisdiction will continue to be limited to Agency contracts and not those of national programs. The DDA should consider raising the dollar threshold for review in light of the Board's expanded jurisdiction. OL

9. Recommendation 8: That OL review its Table of Organization in comparison to comparable Government organizations as well as its distribution of professionals noted in Attachment D, [Section D of Attachment to IG's Report] with a view toward possible increases in personnel numbers and grade levels.

Handwritten: Personnel in Contracting section are
I understand the recommended review has been completed within the Office of Personnel. The DDA should inform me of the results of that review and provide any recommendations within 30 days. *Submitted to DDA 1/17/76*

10. Recommendation 9: That a systematic and consistent Agency procedure be established to insure that the contracting officer's participation is solicited at the earliest time in the pre-proposal process; and that source-selection be organized in a way that recognizes the independent responsibilities of the contracting officer, in accordance with the Armed Services Procurement Regulations.

Approved. The DDA, in coordination with the DDS&T, should develop guidance on these points which should then be incorporated into Agency regulations. OL

11. Recommendation 10: That OGC assess the CIA role in national programs, with particular emphasis on the legal sufficiency of (a) pertinent ADPE [automatic data processing equipment] procurement; (b) DCI certification of funds under the CIA Act of 1949; (c) CIA exemption from FPR's [Federal Procurement Regulations].

The DDS&T and General Counsel have pointed out that the Agency's role in national programs is a policy matter. However, continuation and extent of that role is dependent in the first

instance on confirmation of adequate legal authority. Thus, the General Counsel's opinion is requested on the following:

- a. The authority of Agency contracting officers, pursuant to delegation from the Director, to conduct procurement for or on behalf of national programs using funds transferred to CIA from other agencies.
 - b. The authority of Agency contracting officers, pursuant to delegation from the Director, to procure ADP equipment for or on behalf of national programs.
 - c. Whether procurements conducted by Agency contracting officers pursuant to delegation from the Director for or on behalf of national programs are exempt from the Federal Procurement Regulations.
12. Recommendation 11: That OGC, as an appropriate central repository, prepare a status report on DCI delegations of contracting authority to the Office of Personnel, OL, and others, including national program contracting officers; and that the bases for these delegations be reviewed by a senior management group such as the EAG for whatever revision may seem appropriate.

The General Counsel in conjunction with the DDA and DDS&T should review all DCI delegations of contracting authority and be prepared to discuss any necessary or desirable changes or revisions when the EAG considers this subject in April.

13. Recommendation 12: That the DDO instruct all operating Divisions to improve their reporting on non-officially covered officers and co-optees including changes in operational duties, and a purging of names of co-optees who are no longer actively used.

Approved. The DDO should issue appropriate instructions within 30 days.

14. Recommendation 13: That prior to 30 September 1977 the current list of consultants be reviewed with each office justifying its use of consultants in greater detail than at present. Further, that all members of Agency panels be listed as consultants so that a centralized record will be maintained on those consultants from the private sector.

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[] is being revised to require that each Deputy Director and Head of Independent Office review annually in August the use of consultants under his jurisdiction. During the 1977 annual review attention should be given to assuring that adequate justification is reflected for each consultant to be used during the next fiscal year. Consultants no longer used should be formally terminated. Each Deputy Director and Head of Independent Office should assure that any individual used as a consultant is processed for formal approval as required by Agency regulations.

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should
initiate a review

15. Recommendation 14: That the CTA [Civil Technology Assessment] program be given a high-level review, probably by the DDI, and that the results of this review be provided to the DCI and DDCI for consideration.

DDI

Approved. The DDI should conduct the recommended review and submit a report to me within 60 days.

16. Recommendation 15: That the Supply Management Branch should be more selective in accepting items for covert procurement. A notice to this effect should be issued to the DDO.

DDO

The DDA should issue a notice within 30 days which provides guidance to operating components on the capabilities and proper utilization of the Supply Management Branch with respect to covert procurement.

17. The Inspector General shall monitor the implementation of these recommendations.


E. H. Knoche

Acting Director of Central Intelligence

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